

STATE OF ILLINOIS
ILLINOIS COMMERCE COMMISSION

MidAmerican Energy Company

Petition for consent to an amendment
to a contract with an affiliated interest
pursuant to Section 7-101(3) of the
Public Utilities Act.

OFFICIAL FILE
Docket No. 00-032
I.C.C. DOCKETING
JACKET NO. 00-032
Witness MidAmerican Exhibit No. 1.0
Date 09/08/00 Reporter RZ
09/08/00 Reporter

DIRECT TESTIMONY
OF
THOMAS A. GESELL

- 1 Q. Please state your name and business address.
- 2 A. Thomas A. Gesell. My business address is 401 Douglas, Sioux City, IA 51102.
- 3 Q. By whom are you employed and in what capacity.
- 4 A. I am employed by MidAmerican Energy Company (MidAmerican) as Manager -
- 5 Utility Operations.
- 6 Q. What is your educational and employment experience?
- 7 A. I have a B. S. degree in Business Administration with an emphasis in Accounting
- 8 from Wayne State College, and an M. B. A. degree from the University of South
- 9 Dakota. Prior to joining MidAmerican, I worked as an accountant in various
- 10 positions for eight years. I have been employed by MidAmerican, or one of its
- 11 predecessor companies, since December 1986. My experience with the company
- 12 began as a Senior Accountant with MidAmerican in December 1986. In November
- 13 1988, I became Administrator, Corporate Accounting. In April 1990, I transferred to
- 14 the Gas Supply Department as an analyst and then became Supervisor of Gas Supply

1 Planning. In July 1995, I was promoted to my current position as Manager - Utility
2 Operations

3 Q. What is the purpose of your direct testimony in this proceeding?

4 A. I will explain the reasons that MidAmerican and Cordova Energy Company LLC
5 (CEC) have entered into a First Amendment dated May 3, 2000 to the Firm Natural
6 Gas Distribution Agreement (Special Contract) dated July 6, 1999.

7 Q. Are you sponsoring the First Amendment and Special Contract as exhibits?

8 A. Yes. The Special Contract is provided with this testimony as MidAmerican Exhibit
9 1.1 and the First Amendment is provided as MidAmerican Exhibit 1.2.

10 Q. Has the Special Contract previously been filed with, and approved by, the
11 Commission?

12 A. Yes. The Commission approved the Special Contract as an affiliate transaction in
13 Docket No. 99-0196 and it was subsequently filed as a part of MidAmerican's
14 Schedule of Rates for Gas Service in Illinois.

15 Q. Has MidAmerican commenced providing service to CEC under the Special Contract?

16 A. No. The MidAmerican facilities necessary to provide service to CEC are under
17 construction and CEC is finalizing construction of its facilities.

18 Q. When does MidAmerican expect to begin providing natural gas distribution service to
19 CEC under the Special Contract?

20 A. CEC has requested MidAmerican to be ready to deliver gas to CEC under the Special
21 Contract for testing purposes on or before November 15, 2000.

22 Q. Have you been involved in negotiating the First Amendment?

23 A. Yes.

1 Q. Section 1 of the First Amendment changes Article II.C. of the Special Contract.

2 Please explain this change and the reason for this change.

3 A. Article II.C. of the Special Contract defines the minimum delivery pressure and
4 primary receipt points applicable to CEC. Section 1 of the First Amendment reflects
5 a request by CEC to increase the delivery pressure of the gas from 430 psig to 460
6 psig. CEC requested the pressure change shortly after construction began because its
7 consultant recalculated line pressure loss within the CEC facility and determined that
8 a higher minimum delivery pressure (460 psig) was needed to ensure adequate
9 burner-tip pressure.

10 Q. Section 2 of the First Amendment deletes an entire section of Article IV of the
11 Special Contract and inserts a new section. Please explain this change and the reason
12 for the change.

13 A. As originally stated in the Special Contract, Article IV.A. defined the quantity of gas
14 to be delivered by MidAmerican to CEC from CEC's two primary delivery points and
15 the various consumption rates at those points. The table contained in the original
16 Special Contract depicted the quantity of gas available from CEC's primary delivery
17 point on Natural Gas Pipeline Company of America (NGPL). Section 2 of the First
18 Amendment revises the table to reflect the new quantities of gas available from
19 NGPL as a result of the higher delivery pressure agreed to in Section 1 of the First
20 Amendment. The fact that NGPL's receipt point is further from the CEC facility than
21 the Northern Border Pipeline Company (NBPL) receipt point and NGPL's delivery
22 pressure is much lower than that of NBPL effectively limits the ability of
23 MidAmerican to deliver gas to CEC from the NGPL receipt point.

1 Q. Did the volumes shown on the table contained in Section 2 of the First Amendment
2 increase or decrease as compared to the volumes in the original Special Contract?

3 A. The volumes available from the NGPL receipt point in the First Amendment
4 decreased as compared to original Special Contract. The requested increase in the
5 CEC minimum delivery pressure requirement further limits MidAmerican's ability to
6 deliver gas from the NGPL receipt point. Higher receipt point pressure is necessary
7 to maintain the same volumetric flow at the higher burner tip pressure (460 pig).
8 With the NGPL receipt point already operating at its maximum, no additional receipt
9 point pressure from NGPL could be obtained. Thus, the volumes of gas available
10 from NGPL declined. The new table included in Section 2 of the First Amendment
11 indicates the availability of NGPL deliveries at a 460 psig delivery pressure.

12 Q. Please describe any additional costs, either construction or operating, that this change
13 will impose on MidAmerican.

14 A. The increase in delivery pressure to 460 psig will not impose any additional costs on
15 MidAmerican.

16 Q. What impact will these changes have on MidAmerican's existing customers in
17 Illinois who receive gas delivery from MidAmerican under sales or transportation
18 services?

19 A. The requested pressure increase will not impact MidAmerican's existing customers in
20 Illinois who receive gas delivery from MidAmerican under either a sales or
21 transportation service. This was the basis for the table in Section 2 of the First
22 Amendment. The higher pressure sought by CEC will be supported by the new
23 station being installed by NBPL in response to this new load.

1 Q. Do these changes provide CEC as an affiliated interest of MidAmerican with any
2 advantages that are not extended to non-affiliated customers?

3 A. No. MidAmerican would provide the same service to any similarly situated
4 customer.

5 Q. Please explain why these changes are in the public interest.

6 A. The changes presented in the First Amendment result in maintaining the same
7 benefits originally presented in the Special Contract. The First Amendment simply
8 provides for a higher delivery pressure for CEC without impacting existing
9 MidAmerican customers and will enable CEC to go forward with its plant.

10 Q. Does this conclude your direct testimony at this time?

11 A. Yes.

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AFFIDAVIT OF
THOMAS A. GESELL

STATE OF IOWA)
) ss.
COUNTY OF WOODBURY)

I, Thomas A. Gesell, being first duly sworn on oath, depose and state that I am the same Thomas A. Gesell identified in the preceding direct testimony; that I have caused such direct testimony, including any exhibits provided therewith, to be prepared and am familiar with the contents thereof; and, that such direct testimony, including any exhibits provided therewith, are true and correct to the best of my knowledge and belief as of the date of this Affidavit.



Thomas A. Gesell

Subscribed and sworn to before me, a Notary Public
in and for said State and County, this 18th day of
July, 2000.



Notary Public

MIDAMERICAN ENERGY COMPANY
Schedule of Rates For
Gas Service in Illinois

Ill C. C. No. 2
First Revised Sheet No. 9
Cancels Original Sheet No. 9

FIRM NATURAL GAS DISTRIBUTION AGREEMENT
(Special Contract)

This Natural Gas Distribution Agreement ("Agreement") is made as of this 6th day of July, 1999, by and between MIDAMERICAN ENERGY COMPANY, an Illinois corporation (herein referred to as MidAmerican) and CORDOVA ENERGY COMPANY LLC, a Delaware limited liability company (herein referred to as Customer). MidAmerican and Customer may individually and collectively be referred to herein as a "Party" and "Parties" respectively.

WHEREAS, Customer plans to construct, own and operate a natural gas fired power plant near Cordova, Illinois; for which it will require a long term arrangement for firm natural gas distribution service;

WHEREAS, as a result of Customer's commitment hereunder, MidAmerican will extend its local distribution facilities in order to provide distribution service to Customer;

WHEREAS, Customer's proximity to a potential alternate source of service causes it to be eligible to receive service pursuant to the terms of this special contract and the applicable riders to the Illinois Rates.

NOW, THEREFORE, in consideration of the premises, and mutual covenants and conditions contained in this Agreement, the Parties agree as follows:

Article I. Definitions

A. When used in this Agreement, the following terms shall have the meanings indicated.

1. "Business Day" means any day other than a Saturday, Sunday or day on which banks are required or permitted to be closed in the State of Illinois.

2. "Commission" shall mean the Illinois Commerce Commission and its successor agencies.

3. "Customer's Facilities" or "Facilities" shall mean the natural gas fired power plant and appurtenant facilities proposed to be constructed by Customer near Cordova, Illinois.

4. "Effective Date" shall mean the date this Agreement has been approved by the Illinois Commerce Commission, if such approval is required by law, provided that the applicable order of such agency is not conditioned upon modification of this Agreement unless the Parties agree to such modification.

MIDAMERICAN ENERGY COMPANY
Schedule of Rates For
Gas Service in Illinois

III C. C. No. 2
Original Sheet No. 9.01

5. "Delivery Point" shall mean the outlet side of MidAmerican's metering and regulation station located on or near the premises of the Customer Facilities.

6. "MOT" shall mean the MidAmerican ONLINE Transportation electronic bulletin board which contains information pertaining to the accounts and distribution of customer-gas on MidAmerican's distribution system.

7. "FERC" shall mean the Federal Energy Regulatory Commission and its predecessor and successor agencies.

8. "Gas Day" shall have the meaning set forth in the applicable Pipeline's FERC gas tariff.

9. "Illinois Rates" shall mean the terms, conditions and rates set forth in MidAmerican's natural gas tariff on file with the Commission, as modified from time to time.

10. "Pipeline" shall mean the interstate natural gas pipeline company or companies which transport to the Receipt Point the Customer-provided gas to be distributed by MidAmerican hereunder.

11. "Receipt Point" shall mean the outlet side of a point at which the Pipeline's facilities are interconnected with MidAmerican's natural gas distribution system, as designated pursuant to this Agreement, and "Receipt Points" means all of such points including the Primary Receipt Points and the Alternate Receipt Points.

B. All other capitalized terms used in this Agreement, unless otherwise defined herein, shall have the meanings as defined in the Illinois Rates.

Article II. Distribution of Natural Gas

A. Upon Customer's funding of the Working Fund established in accordance with this Agreement and upon receipt of a written notice to proceed from Customer, MidAmerican shall install, maintain, own and operate, or cause to be installed, maintained, owned and operated, all equipment and facilities, including pipelines, interconnections and meters, necessary to provide the natural gas distribution service to Customer contemplated by this Agreement. MidAmerican shall use all reasonable efforts to complete installation and testing of such equipment and facilities by the date specified by Customer for completion in such notice to proceed, which date shall not be less than eleven months after delivery of such notice to proceed, so that MidAmerican is able to provide the distribution service contemplated hereunder by such date. MidAmerican agrees to use all reasonable efforts to obtain all necessary licenses, permits and approvals, and to obtain all rights of way, required for the facilities to be installed by or on behalf of

MidAmerican and MidAmerican shall promptly commence and diligently pursue its efforts to obtain such licenses, permits, approvals and rights of way. Customer, at its own expense, shall be responsible to install, maintain and operate, or cause to be installed, maintained and operated, all facilities necessary to receive the natural gas delivered by MidAmerican hereunder at the Delivery Point.

B. 1. Subject to the terms and conditions of this Agreement, commencing on the date the facilities contemplated by Article II.A. are available, and continuing on each day throughout the term of this Agreement, MidAmerican agrees to receive all natural gas provided by Customer at the Primary Receipt Points and deliver such gas to the Delivery Point, on a firm basis, up to a maximum daily quantity ("MDQ") and a maximum hourly quantity ("MHQ") as follows:

	Volume
MDQ	96,000 DTh
MHQ	4,000 DTh

2. From time to time during the term of this Agreement, MidAmerican, in its sole discretion, may identify temporary or seasonal capability to receive natural gas on behalf of and deliver natural gas to Customer in excess of the MDQ and MHQ specified herein. In such an event, MidAmerican will make the delivery capability available to Customer in a non-firm, non-discriminatory manner. In the event no customer of MidAmerican other than Customer desires to use all or a portion of such capability during a time period when it is available, the applicable rate for use of such excess capability, or portion thereof, shall be a variable rate per DTh of gas delivered calculated as a 100% load factor rate based on the Customer Charge and Commodity Charge then in effect. In the event one or more other customers of MidAmerican desire to use all or a portion of such capability during a time period when it is available, such capability shall be allocated by MidAmerican in a non-discriminatory manner and, if such capability is made available to and used by Customer, the applicable rate shall be a rate satisfactory to MidAmerican, subject in each case to applicable Commission requirements.

3. If during the term of this Agreement, Customer provides written notice to MidAmerican that it wishes to increase the MDQ or MHQ set forth in this Agreement, both Parties agree to meet and negotiate in good faith and attempt to reach mutual agreement on the terms and conditions under which MidAmerican would serve such incremental load (subject to any required regulatory approvals). If after thirty (30) days of good faith negotiations the Parties are unable to reach a mutually acceptable agreement, Customer will have the option, in its sole discretion, of sourcing the distribution of the incremental volumes in excess of the MHQ with a third party or parties, or receiving distribution service for the incremental volumes from MidAmerican pursuant to a Commission approved

MIDAMERICAN ENERGY COMPANY
Schedule of Rates For
Gas Service in Illinois

Ill C. C. No. 2
Original Sheet No. 9.03

MidAmerican tariff rate applicable for such incremental volumes or terminating this Agreement.

C. MidAmerican shall deliver the gas distributed hereunder at the Delivery Point at a pressure of not less than four hundred and thirty pounds per square inch-gauge (430 psig). Both Parties agree that MidAmerican's ability to deliver gas at such a delivery pressure and to provide the distribution service contemplated hereunder, at the prices set forth herein, is expressly conditioned upon Northern Border Pipeline Company ("Northern Border") and Natural Gas Pipeline Company of America ("NGPL") maintaining delivery pressures at the applicable Primary Receipt Points at the following minimum levels: (i) in the case of Northern Border, seven-hundred pounds per square inch-gauge (700 psig), and (ii) in the case of NGPL, five-hundred and fifty pounds per square inch-gauge (550 psig). Should such Primary Receipt Point pressure(s) be reduced to levels which preclude MidAmerican's delivery of natural gas of the contracted volumes at the contracted minimum pressure to the Customer, in whole or in part, MidAmerican will provide notice to Customer and both Parties agree to meet and negotiate revisions to the terms of this Agreement that are mutually acceptable. Customer acknowledges that MidAmerican's failure to perform the distribution service contemplated herein to the extent caused by Northern Border or NGPL reducing its delivery pressures to MidAmerican below the levels specified in this Article shall not constitute a default by MidAmerican.

D. During the term of this Agreement, the lost and unaccounted for percentage (sometimes referred to as fuel or retention) shall be fixed at 0.10%.

Article III. Daily Balancing and Settlement of Monthly Imbalances

A. Nominations, daily balancing and settlement of cumulative monthly imbalances shall be in accordance with the terms and conditions of Rider No(s). 6, 7, 8, 9 and 11 of the Illinois Rates.

Article IV. Receipt Points

A. The Primary Receipt Point(s) shall be (i) the meter at the proposed new town border station where the transmission system of Northern Border interconnects with MidAmerican's distribution system (Nitrin Line) near Cordova, Illinois (the "Northern Border Primary Receipt Point") and (ii) the meter at the MidAmerican/NGPL Mol #4 Henry (Pin# 900046) townborder station where the transmission system of NGPL interconnects with MidAmerican's distribution systems (the "NGPL Primary Receipt Point"). The availability of firm distribution service hereunder from the NGPL Primary Receipt Point, and Customer's ability to deliver Customer-provided gas to MidAmerican's system at the NGPL Primary Receipt Point, shall be limited and subject

MIDAMERICAN ENERGY COMPANY
Schedule of Rates For
Gas Service in IllinoisIII C. C. No. 2
Original Sheet No. 9.04

to the hourly gas consumption at Customer's Facilities as set forth below (availability for consumption levels between those on the table shall be determined by interpolation):

Consumption at Customer's Facilities (DTh per hour)	NGPL Primary Receipt Point Availability (DTh per hour)
4,000	420
3,400	970
2,300	1,350
2,200	1,615

On Gas Days when Customer chooses to schedule Customer-provided gas deliveries to the NGPL Primary Receipt Point, Customer will be allowed to schedule at the NGPL Receipt Point a daily quantity equal to at least 420 DTh per hour times the actual number of hours in such Gas Day that Customer operates its Facilities at a level greater than 1,500 DTh per hour. Subject to the foregoing, from time to time MidAmerican will determine and notify Customer as to the quantity Customer will be allowed to schedule at NGPL Primary Receipt Point based on Customer's forecasted gas consumption schedule.

B. Both Parties acknowledge and agree that due to the size and operating characteristics of Customer's Facilities, close coordination will be required between Customer's operating personnel and MidAmerican's gas control personnel, especially during generation start-up. Customer agrees to provide MidAmerican with the estimated hourly gas consumption schedule at the Point of Delivery schedule by 6:00 A.M. for the 30-hour period commencing at such time, or at such other time and/or for such other period as the Parties may agree from time to time. MidAmerican gas control personnel will use this hourly dispatch schedule to coordinate hourly gas flows at the Primary Receipt Points. Customer agrees to use its best efforts to provide MidAmerican's gas control personnel the greater of fifteen minutes, or ten minutes plus the amount of reaction time required by Northern Border and NGPL to adjust their deliveries to the respective Primary Receipt Point, prior notice of any changes in Customer's gas consumption levels that will result in greater than a 1,000 DTh per hour increase or decrease to scheduled hourly gas flows as shown on Customer's then effective schedule that has been provided to MidAmerican. Customer shall be permitted to amend its daily nomination schedule after it has been originally submitted provided that MidAmerican is able to confirm such changes with the applicable Pipeline(s).

Article V. Customer Elections Under Riders 9 and 11

A. In accordance with the provisions of Rider No. 9 Customer elects not to purchase Company-Supplied Reserve.

MIDAMERICAN ENERGY COMPANY
Schedule of Rates For
Gas Service in IllinoisIII C. C. No. 2
Original Sheet No. 9.05

B. In accordance with the provisions of Rider No. 11, Customer from time to time may choose to purchase Optional Group Balancing Service by entering into a separate Supplier Service Agreement.

Article VI. Rates

A. Subject to the terms and conditions of this Agreement, Customer agrees to pay MidAmerican distribution charges on a monthly basis. The distribution charges will be comprised of a Customer Charge, a Commodity Charge, NGPL-Customer Charge and a NGPL-Commodity Charge. Commencing during the month the facilities contemplated by Article IIA are first available and continuing through December 31, 2001, the Customer Charge shall be \$8,230.00 per month and the Commodity Charge shall equal the product of \$0.0022 ("Commodity Rate") multiplied by the number of DTh delivered to the Delivery Point. Thereafter, commencing each January 1, the applicable Customer Charge and Commodity Rate shall be revised in accordance with Exhibit A which is attached hereto and incorporated herein by reference. Commencing during the month the facilities contemplated by Article IIA are first available and continuing through December 31, 2001, the NGPL-Customer Charge shall be \$6,330.00 per month and the NGPL-Commodity Charge shall equal the product of \$0.0108 ("NGPL-Commodity Rate") multiplied by the number of DTh delivered to MidAmerican by Customer at the NGPL Primary Receipt Point. Thereafter, commencing each January 1, the applicable NGPL-Customer Charge and NGPL-Commodity Rate shall be revised in accordance with Exhibit A.

(1) During the term of this Agreement, upon providing MidAmerican with twelve-months written notice, Customer may elect to permanently terminate its rights as provided in Article IV. to deliver Customer-owned gas to MidAmerican at the NGPL Primary Receipt Point for the remaining term of this Agreement. Upon the effective date of such termination, the NGPL-Customer Charge and NGPL-Commodity Charge described in this Article shall no longer apply.

B. Customer agrees to pay MidAmerican, pursuant to this Paragraph B of this Article, a non-refundable sum equal to MidAmerican's actual cost to construct the new interconnect with NBPL, the lateral pipeline from MidAmerican's existing distribution system to Customer's Facility, metering stations and other plant and facilities necessary for MidAmerican to provide the distribution service contemplated hereunder. The Parties understand and agree that the cost of such facilities, as of the date of this Agreement, is *estimated* to be \$1,760,000.

(1) Customer shall advance to MidAmerican, as appropriate, payment for the costs referred to in this Paragraph B in an amount reasonably estimated by MidAmerican before such work is commenced or expenditures therefor are made by MidAmerican. Such payment shall be credited by MidAmerican to a working

fund which is described in Exhibit B, attached hereto and by this reference made a part hereof.

(2) If this Agreement is terminated for any reason prior to completion of the work required by this Agreement, within thirty (30) days after billing by MidAmerican, Customer shall pay to MidAmerican the actual costs, less any working fund payments, incurred or accrued by MidAmerican with regard to such work prior to termination of this Agreement and any costs that MidAmerican is obligated to pay as a result of this Facilities Agreement. The billing shall include reasonable documentation.

C. Customer agrees to pay or cause to be paid (i) taxes, levies and assessments lawfully levied on the gas hereunder as a result of MidAmerican's distribution of gas from the Receipt Point to the Delivery Point, and (ii) all taxes, levies and assessments lawfully levied on the gas hereunder as a result of Customer's use or disposition of the gas following its delivery to the Delivery Point, provided that, in each case, such taxes, levies or assessments are required by applicable law to be paid by Customer or MidAmerican. MidAmerican shall not be responsible under this Agreement for any taxes, levies and assessments that are lawfully levied on the gas delivered hereunder prior to its delivery to MidAmerican at the Receipt Point and Customer agrees to pay or cause to be paid any such taxes imposed on MidAmerican as a result of its activities under this Agreement. In the event MidAmerican is required by applicable law to collect such taxes from Customer, MidAmerican shall have the full authority to do so. Taxes, assessments and levies required to be collected by MidAmerican from Customer in accordance with applicable law that are itemized separately, as of the date of this Agreement, on the bills of customers in the large volume customer class shall be charged as a separate line item on Customer's monthly bill. If Customer is exempt from any such taxes, levies and assessments, Customer shall furnish all necessary certificates and evidence of exemptions as may be requested by MidAmerican.

D. Both Parties agree that the Commodity Charge, Customer Charge, NGPL-Customer Charge and NGPL-Commodity Charge set forth in this Article apply to the transportation of gas from the Receipt Point to the Delivery Point for use at Customer's Facility. Should Customer sell, assign, release, or otherwise transfer, in whole or in part, to a third party any of the gas delivered by MidAmerican pursuant to this Agreement, the Commodity Charge, Customer Charge, NGPL-Customer Charge and NGPL-Commodity Charge set forth in this Article shall not apply to any such volumes used at a location other than Customer's Facility. Any such volumes transported by MidAmerican on behalf of Customer and used at another location shall be invoiced by MidAmerican, and thereafter paid for by Customer, at the maximum applicable transportation rate set forth in the Illinois Rates. The Parties understand and agree that the foregoing does not apply to gas provided by Customer to MidAmerican in accordance with this Agreement for resolution of imbalances or lost and unaccounted for gas.

E. In accordance with the terms of Rider No 10, MidAmerican shall not include on Customer's monthly invoice charges relative to the Recovery of Environmental Costs.

MIDAMERICAN ENERGY COMPANY
Schedule of Rates For
Gas Service in Illinois

Ill C. C. No. 2
Original Sheet No. 9.07

F. MidAmerican shall include on Customer's monthly invoice the Energy Assistance Charge and Renewal Energy Resources and Coal Technology Development Assistance Charge in accordance with Riders No. 13 and 14 of the Illinois Rates. The current Energy Assistance Charge applicable to this Agreement is \$300.00 per month. The Current Renewal Energy Resources and Coal Technology Development Assistance Charge applicable to this Agreement is \$37.50 per month.

G. MidAmerican shall include on Customer's monthly invoice the State Utility Tax Addition in accordance with Rider No. 1 of the Illinois Rates

H. Due to the operating characteristics of Customer's Facilities, Customer's hourly consumption profile will not equal one twenty-fourth of Customer's daily consumption. If in order for MidAmerican to provide Customer the distribution service contemplated hereunder, it becomes necessary for MidAmerican to create a global delivery point ("GDP") on Northern Border, and if as a result, Northern Border requires the GDP to be designated as being located at the Northern Border Primary Receipt Point then, in addition to the other rates and charges hereunder, Customer agrees to reimburse MidAmerican for the actual additional costs charged to MidAmerican by Northern Border as a result of such GDP, up to a maximum amount of \$4,000 per month from the month in which distribution service commences hereunder through the remaining term of this Agreement. MidAmerican shall either include these expenses on Customer's monthly invoice or prepare and forward Customer a separate invoice.

Article VII. Billing and Payment

A. MidAmerican shall submit a statement to Customer on or before the twentieth (20th) day of each calendar month showing the quantity of gas made available to Customer hereunder and a calculation of the Customer Charge, Commodity Charge, Customer Charge - NGPL, Commodity Charge - NGPL and any other applicable charge or credit for the gas distribution service provided hereunder during the preceding calendar month. If the actual total quantities are not available by the billing date, billing will be on an estimated basis. The estimates will then be corrected to actual totals on the following month's billing or as soon thereafter as available.

B. Payment by Customer to MidAmerican shall be due by wire transfer on or before the date that is thirty (30) days after which such statement is delivered to Customer. If any information required to compute such payment is not available by the payment date, payment will be on an estimated basis, with such estimate corrected to an actual total on the following month's payment or as soon thereafter as the actual data is available. Either Party will bring any adjustments it deems necessary to the attention of the other Party promptly after becoming aware thereof and neither Party shall have the right to question or contest any charge or credit if the matter is not brought to the attention of the other Party in writing within twelve (12) months after receipt of the statement in question. If Customer disputes any part of a statement billed above before paying same, Customer shall nevertheless pay the disputed amount pending resolution of

MIDAMERICAN ENERGY COMPANY
Schedule of Rates For
Gas Service in IllinoisIII C. C. No. 2
Original Sheet No. 9.08

the dispute. If Customer is entitled to a refund of amounts paid to MidAmerican, Customer shall also receive interest at the rate set forth in Article VII.C.

C. Should Customer fail to remit the full amount when due, interest on the unpaid portion shall accrue at a rate equal to the then effective "Prime Rate" of interest for large U. S. money center commercial banks published under "Money Rates" by the Wall Street Journal, plus 300 basis points, from the date due until the date of payment. If such failure to pay continues for five (5) Business Days after MidAmerican gives Customer written notice of such failure to pay, MidAmerican, in addition to any other remedy it may have, may suspend further receipt and delivery of gas until such amount, including interest, is paid.

D. In the event that there are, in MidAmerican's reasonable discretion, commercially reasonable grounds for insecurity by MidAmerican as to Customer's ability to perform its obligations hereunder or Customer shall (i) make an assignment or any general arrangement for the benefit of creditors; (ii) file a petition or otherwise commence, authorize, or acquiesce in the commencement of a proceeding or cause under any bankruptcy or similar law for the protection from creditors or have such petition filed or proceeding commenced against it; (iii) otherwise become bankrupt or insolvent (however evidenced); (iv) be unable to pay its debts as they fall due, then, MidAmerican shall have the right to demand from Customer additional security for its performance, in an amount not greater than the then applicable total charges for three months of service hereunder, which security may be in the form of a cash deposit, a letter of credit from a financial institution with an investment grade rating, a guaranty from an entity with an investment grade rating or other form of security reasonably acceptable to MidAmerican. If Customer has not provided such security within five (5) days of written notice from MidAmerican demanding such security, MidAmerican may suspend service hereunder until such security is provided. If Customer provides security pursuant to this paragraph, Customer shall be entitled to replace such security with an alternate form of security that conforms with the requirements hereof.

E. The Parties hereto agree that MidAmerican shall test the meter(s) located at the Delivery Point(s) once a year. If the test determines that the metering installation has over or under-registered more than two percent (2%), MidAmerican shall recalculate the statements for service provided hereunder from the time at which the error first developed or occurred or if that time can not be definitely determined, one-half the time elapsed since the last previous meter installation test. Any credit due, or amount owed, shall be billed and paid during the next billing cycle set forth in this Article VII.

Article IX. Term and Termination

A. Unless terminated pursuant to other provisions hereof, this Agreement shall be effective on the Effective Date and shall continue in effect for an initial term of twenty (20) years from the date that gas distribution service is first provided hereunder

MIDAMERICAN ENERGY COMPANY
Schedule of Rates For
Gas Service in IllinoisIll C. C. No. 2
Original Sheet No. 9.09

(the "Initial Term"). At the end of the Initial Term the Agreement shall continue in effect from year to year unless terminated by either Party at the end of the Initial Term or thereafter upon at least one year's prior written notice.

B. If by September 1, 1999, this Agreement has not been approved by the Commission, Customer shall have the unilateral right to terminate this Agreement by prior written notice to MidAmerican. Additionally, prior to issuance by Customer of its notice to proceed hereunder, Customer may terminate this Agreement by prior written notice to MidAmerican if Customer determines to abandon the development and construction of Customer's Facilities. In the event of any termination under this Article IX.C., Customer shall remain obligated to reimburse MidAmerican for its reasonable costs incurred in connection with the performance of its obligations under this Agreement. If this Agreement is so terminated, MidAmerican agrees to use commercially reasonable efforts to mitigate those costs that Customer is obligated to pay hereunder.

Article X. Notices

A. Any notice, request, demand, monthly statements and payments provided for in this Agreement or in the Illinois Rates, or any notice which either Party may desire to give to the other, shall be in writing and shall be considered as duly delivered when personally delivered, sent by facsimile transmission and written confirmation thereof has been received, three days after being mailed by first-class postage prepaid United States mail, or one day after being sent by prepaid overnight delivery to the other Party by the United States Postal Service, Federal Express, Airborne or other nationally recognized overnight courier service, addressed to the other Party at its address indicated below, or at such other address as either Party may designate for itself in writing to the other Party. Notices which pursuant to this Agreement are required to be given or may be given by telephone or facsimile transmission shall be directed to the telephone numbers indicated below or at such other telephone number as either Party may designate for itself in writing to the other Party.

MidAmerican

Contract Administration
MidAmerican Energy Company
P. O. Box 657
Des Moines, IA 50303-0657
Attn: Vice President, Sales
Telephone 515-281-2326
Fax 515-242-4221

Customer

Contract Administration
Cordova Energy Company
P.O. Box 657
Des Moines, IA 50303-0657
Attn: Chuck Montgomery
Telephone
Fax

Contract Administration (overnight)
MidAmerican Energy Company
666 Grand Avenue
Des Moines, IA 50309
Attn: Vice President, Sales

Contract Administration (overnight)
[to be provided by customer prior to
of service hereunder]

Payment
MidAmerican Energy Company
P. O. Box 3020
Davenport, IA 52308-3020
Attn: Accounts Receivable

Invoices

Attn:
Telephone
Fax

Article XI. Prior Agreement

A. The "Firm Natural Gas Distribution Agreement (Rate No. 30)" executed by the Parties hereto on April 5, 1999 is replaced in its entirety by this Agreement and said April 5, 1999 Agreement is rendered null and void by the Parties execution of this Agreement.

Article XII. Miscellaneous

A. To the extent provided for herein, all provisions of MidAmerican's Illinois Rates governing the distribution or transportation of natural gas shall apply to the distribution service provided to Customer. If a conflict arises between Illinois Rates and this Agreement, this Agreement shall control to the extent permissible by law. In the event natural gas distribution service in the State of Illinois is deregulated during the term of this Agreement and is no longer subject to rate regulation by the Commission, then, to the extent that the provisions of the Illinois Rates as such provisions exist immediately before such deregulation apply to this Agreement, such provisions shall continue to apply from and after such deregulation.

B. Customer shall execute a MOT access agreement and, after such execution, will have electronic access to MOT.

C. Upon request and billing by MidAmerican, Customer shall reimburse MidAmerican for any regulatory filing fees which MidAmerican shall be required to pay to effectuate, provide or terminate service under this Agreement.

D. Customer shall provide to MidAmerican at MidAmerican's measurement and control facilities at or near the Delivery Point, continuous, non-switched, 120 volt, single phase, AC electric power supply and a dedicated, analog phone line, which can be directly accessed by dialing the area code plus seven digits. If additional metering or

communication facilities are required for MidAmerican to commence or continue to transport Customer-provided gas or to meter or telemeter quantities of Customer-provided gas transported under this Agreement, Customer shall reimburse MidAmerican for the installation of such additional metering or communications facilities before MidAmerican shall be obligated to provide, or continue to provide, any service under this Agreement; provided, however, if such facilities are also used to provide service to customers other than Customer, MidAmerican shall charge Customer only for such portion of such costs as is reasonably determined by MidAmerican in accordance with the applicable cost allocation methodologies used to determine the rates then in effect to MidAmerican's Illinois gas service customers.

E. This Agreement shall inure to the benefit of, and be binding upon, the Parties hereto and their successors and assigns. This Agreement shall not be assigned or transferred by either Party without the prior written consent of the other Party, which consent shall not be unreasonably withheld or delayed. Notwithstanding the foregoing, no consent shall be required for any assignment or transfer by merger, consolidation or reorganization, or as part of a transfer of all or substantially all of the assets of the assignor or transferor. Any person which succeeds by purchase, merger or consolidation to the Customer's Facilities or MidAmerican's business, substantially as an entirety, shall be entitled to the rights and shall be subject to the obligations of its predecessor under this Agreement. The restriction on assignment contained in this Section shall not prevent either Party from assigning its rights hereunder as security for its indebtedness. Customer shall not by assignment alter the Delivery Point.

F. Customer shall have the right, without the consent of MidAmerican, but upon prior notice to MidAmerican (which notice shall include the names and addresses of the Financing Parties (as hereinafter defined)) to mortgage and/or assign its rights and interests under this Agreement, as collateral security, to any entities providing construction, interim and/or long-term debt financing or refinancing of the Project, including any trustees or agents acting on behalf of any such entities (such entities, trustees and agents, collectively, the "Financing Parties") and, in connection with any such assignment, MidAmerican agrees to execute and deliver an agreement reasonably satisfactory to the Financing Parties consenting to such assignment and containing other reasonable and customary provisions for consent to assignment agreements for the project financing of electric power generating facilities, provided, the foregoing shall not require MidAmerican to modify, in any manner whatsoever, MidAmerican's rights and obligations hereunder.

Should the Customer mortgage and/or assign any interests as provided in the immediately preceding paragraph, MidAmerican and the Customer agree between themselves and for the benefit of any Financing Parties as follows:

- (1) They will not modify or cancel this Agreement in a manner that would materially adversely affect the Financing Parties, without the prior written consent of the Financing Parties in accordance

with the requirements of the applicable financing documents; provided, however, to the extent that the financing documents among the Customer and the Financing Parties so provide, MidAmerican and Customer will not modify or cancel this Agreement in any manner without the prior written consent of the Financing Parties, which consent shall not be unreasonably withheld, delayed or conditioned;

- (2) The Financing Parties shall have the right to do any act or thing required to be performed by the Customer under this Agreement, and any such act or thing performed by the Financing Parties shall be as effective to prevent a default under this Agreement and/or a forfeiture of any of the Customer's rights under this Agreement as if done by the Customer itself; and
- (3) If MidAmerican shall become entitled to terminate this Agreement due to an uncured default by the Customer, MidAmerican will not terminate this Agreement unless it has first given written notice of such uncured default and of its intent to terminate this Agreement to each Financing Party that MidAmerican has received notice of pursuant to Article XII.F. and has given each Financing Party at least thirty (30) days to cure the default to prevent such termination of its Agreement. Furthermore, if within such thirty (30) day period of Financing Party notifies MidAmerican that it must foreclose on the Customer's interest or otherwise take possession of the Customer's interest under this Agreement in order to cure the default, MidAmerican shall not terminate this Agreement and shall permit such Financing Party a sufficient period of time as may be necessary for such Financing Party, with the exercise of due diligence, to foreclose or acquire the Customer's interest under this Agreement and to perform or cause to be performed all of the covenants and agreements to be performed and observed by the Customer.

G. If either Party is rendered wholly or partially unable to carry out its obligations under this Agreement due to Force Majeure, the affected Party must give notice and provide the full particulars of the Force Majeure in writing or by facsimile to the other Party as soon as is reasonably possible after the occurrence. So far as they are affected by the Force Majeure, the obligations of the Parties, other than to make payments of amounts due, shall be suspended during the continuance of any inability so caused, but no longer. The term "Force Majeure" shall mean acts of God, strikes, lockouts, or other industrial disturbances, acts of public enemy, wars, blockades, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, storms, storm warnings, floods, washouts, arrests and restraints of governments and people, present and future valid orders, decisions or rulings or any governmental authority having jurisdiction, civil disturbances, explosions, breakage or accident to machinery or lines of pipe, and any other cause, whether of the kinds herein enumerated or otherwise, not within the control

MIDAMERICAN ENERGY COMPANY
Schedule of Rates For
Gas Service in Illinois

Ill C. C. No. 2
Original Sheet No. 9.13

of the Party claiming suspension and which by the exercise of due diligence such Party is unable to prevent or overcome. It is understood and agreed that the settlement of strikes or lockouts shall be entirely within the discretion of the Party having such difficulty, and that the above requirement that any inability to carry out obligations hereunder due to Force Majeure shall be remedied with all reasonable dispatch shall not require the settlement of strikes or lockouts by acceding to the demands of the opposing party when such course is inadvisable in the discretion of the Party having such difficulty.

H. No waiver by either Party of any one or more defaults by the other Party in the performance of any provision of this Agreement shall operate or be construed as a waiver of any future default or defaults, whether of a like or a different character.

I. This Agreement and its performance by both Parties shall be interpreted in accordance with the laws of the State of Illinois and shall be subject to all applicable rules and regulations of regulatory authorities having jurisdiction.

J. This Agreement sets forth all understandings between the Parties respecting gas distribution service to Customer's Facilities subject hereto, and any prior contracts, agreements, understandings and representations, whether oral or written relating to such distribution service are superceded by this Agreement.

K. Exclusion of Consequential Damages. In no event and notwithstanding any other provision of this Agreement shall either Party, or their respective customers, contractors, suppliers, agents, employees, successors or assigns, be liable to the other, or their respective customers, contractors, suppliers, agents, successors or assigns, for any special, incidental, indirect or consequential damages or for any punitive or exemplary damages, or for any damages of a similar nature arising out of or in connection with this Agreement, or the performance, delay or breach of performance of this Agreement.

L. Disclaimer of Warranties. EXCEPT TO THE EXTENT OTHERWISE EXPRESSLY SET FORTH IN THIS AGREEMENT, MIDAMERICAN NEGATES AND DISCLAIMS ANY OTHER REPRESENTATION OR WARRANTY OF ANY KIND, WHETHER WRITTEN, ORAL, STATUTORY, IMPLIED OR EXPRESS, INCLUDING WITHOUT LIMITATION, ANY IMPLIED WARRANTY OR MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be
duly executed in duplicate as of the day and year first above written.

MIDAMERICAN ENERGY COMPANY

CORDOVA ENERGY COMPANY LLC

By

Name

Title

[Signature]
Jack L. Alexander
Sr. Vice President Transmission
& Energy Delivery

By

Name

Title

[Signature]
Robert S. Frohman
President in Charge Operations
Offshore

MIDAMERICAN ENERGY COMPANY
 Schedule of Rates For
 Gas Service in Illinois

III C. C. No. 2
 Original Sheet No. 9.15

Exhibit A
 To the Firm Natural Gas Distribution Agreement
 Between
 MidAmerican Energy Company
 And
 Cordova Energy Company LLC

Distribution Charges				
	Customer Charge	Commodity Rate	NGPL-Customer Charge	NGPL-Commodity Rate
	(per moth)	(per DTh)	(per month)	(per DTh)
First Bill - Dec 2001	\$8,280	\$0.0022	\$6,330	\$0.0108
Jan 2002 - Dec 2002	\$8,490	\$0.0022	\$7,000	\$0.0111
Jan 2003 - Dec 2003	\$8,720	\$0.0023	\$7,180	\$0.0113
Jan 2004 - Dec 2004	\$8,950	\$0.0024	\$7,360	\$0.0116
Jan 2005 - Dec 2005	\$9,190	\$0.0025	\$7,550	\$0.0119
Jan 2006 - Dec 2006	\$9,440	\$0.0025	\$7,750	\$0.0122
Jan 2007 - Dec 2007	\$9,700	\$0.0025	\$7,950	\$0.0125
Jan 2008 - Dec 2008	\$9,960	\$0.0027	\$8,150	\$0.0129
Jan 2009 - Dec 2009	\$10,230	\$0.0027	\$8,370	\$0.0132
Jan 2010 - Dec 2010	\$10,510	\$0.0028	\$8,590	\$0.0136
Jan 2011 - Dec 2011	\$10,790	\$0.0029	\$8,810	\$0.0139
Jan 2012 - Dec 2012	\$11,090	\$0.0030	\$9,040	\$0.0143
Jan 2013 - Dec 2013	\$11,390	\$0.0030	\$9,280	\$0.0147
Jan 2014 - Dec 2014	\$11,710	\$0.0031	\$9,530	\$0.0150
Jan 2015 - Dec 2015	\$12,030	\$0.0032	\$9,780	\$0.0154
Jan 2016 - Dec 2016	\$12,360	\$0.0033	\$10,040	\$0.0159
Jan 2017 - Dec 2017	\$12,710	\$0.0034	\$10,310	\$0.0163
Jan 2018 - Dec 2018	\$13,060	\$0.0035	\$10,590	\$0.0167
Jan 2019 - Dec 2019	\$13,420	\$0.0036	\$10,870	\$0.0172
Jan 2020 - Dec 2020	\$13,800	\$0.0037	\$11,170	\$0.0176

Beginning with the January 2021 billing month and for all subsequent billing months of the remaining term of the Agreement, the Customer Charge, Commodity Rate, NGPL-Customer Charge and NGPL-Commodity Rate shall be calculated by adding 0.2% to the applicable charge from the immediately preceding billing month

Issued: May 15, 2000
 Pursuant to Commission Order
 In Docket No. 99-0196
 Dated August 17, 1999
 | Indicates Change

Issued by James J. Howard,
 Vice President

Effective May 16, 2000

Exhibit B
To the Firm Natural Gas Distribution Agreement
Between
MidAmerican Energy Company
And
Cordova Energy Company LLC

Working Fund for Construction of Facilities

1. At least fifteen (15) days prior to the end of each month during the term of this Agreement, MidAmerican shall submit to Customer an invoice of anticipated costs to be incurred by MidAmerican in the following month for the construction of facilities by MidAmerican pursuant to this Agreement which costs are required to be paid by Customer. The invoice shall describe in reasonable detail the work to be completed and may be submitted by telecopy.
2. Within fifteen (15) days after receipt of the invoice, Customer shall pay to MidAmerican the amount shown on the invoice as an advance. MidAmerican shall account for such payments as an advance against costs to be incurred.
3. Concurrently with sending each invoice, MidAmerican shall send Customer a statement of the Working Fund which sets forth in reasonable detail all of the expenditures for the previous month, including reasonable supporting documentation, and a reconciliation of the Working Fund invoices, payments and expenditures.
4. MidAmerican shall maintain a record of all expenditures from the Working Fund, including any unspent balance. Customer, at its expense, shall be provided with a copy of such records upon request.
5. Within ninety (90) days after completion of construction of the MidAmerican Interconnection Facilities, MidAmerican shall issue a final accounting and reconciliation, and refund any excess in the Working Fund to Customer. Any deficiency in the Working Fund account shall be paid by Customer within thirty (30) days of Customer's receipt of an invoice stating such deficiency. Such deficiency shall include an allowance for funds used during construction at the rate of 0.4532% per month for the period from completion of construction of the MidAmerican Interconnection Facilities until the issuance of such final accounting and reconciliation.

**FIRST AMENDMENT TO
FIRM NATURAL GAS DISTRIBUTION AGREEMENT**

THIS FIRST AMENDMENT, dated as of the 3rd day of May, 2000 by and between MIDAMERICAN ENERGY COMPANY, an Iowa corporation, (hereinafter referred to as "MidAmerican"), and CORDOVA ENERGY COMPANY LLC, a Delaware limited liability company, hereinafter referred to as ("Customer"). MidAmerican and Customer may individually and collectively be referred to herein as "Party" and "Parties," respectively.

WITNESSETH:

WHEREAS, MidAmerican and Customer entered into a "Firm Natural Gas Distribution Agreement" dated as of July 6, 1999 ("Agreement"); and

WHEREAS, MidAmerican and Customer desire to amend said Agreement;

NOW, THEREFORE, in consideration of the premise and mutual covenants herein contained and intending to be legally bound, MidAmerican and Customer mutually agree to amend the Agreement as follows:

1. Article II, paragraph C, the first sentence should be amended by striking the word "thirty" and inserting in its place "sixty" and striking the number "430" and inserting in its place "460."
2. Article IV, paragraph A, should be deleted in its entirety and replaced with the following:

"A. The Primary Receipt Point(s) shall be (i) the meter at the proposed new town border station where the transmission system of Northern Border interconnects with MidAmerican's distribution system (Nitrin Line) near Cordova, Illinois (the "Northern Border Primary Receipt Point") and (ii) the meter at the MidAmerican/NGPL Mol #4 Henry (Pin #900046) townborder station where the transmission system of NGPL interconnects with MidAmerican's distribution systems (the "NGPL Primary Receipt Point"). The availability of firm distribution service hereunder from the NGPL Primary Receipt Point, and Customer's ability to deliver Customer-provided gas to MidAmerican's system at the NGPL Primary Receipt Point, shall be limited by and subject to the hourly gas consumption at Customer's Facilities and the operating pressure on the upstream side of the meter located at the NGPL Primary Receipt Point in accordance with the availability shown on the following table (availability for consumption levels and pressures between those on the table shall be determined by interpolation):

Consumption at Customer's Facilities (DTh per hour)	NGPL Primary Receipt Point Availability (DTh per hour) 500 psig at NGPL Receipt Point	NGPL Primary Receipt Point Availability (DTh per hour) 550 psig at NGPL Receipt Point	NGPL Primary Receipt Point Availability (DTh per hour) 600 psig at NGPL Receipt Point	NGPL Primary Receipt Point Availability (DTh per hour) 650 psig at NGPL Receipt Point	NGPL Primary Receipt Point Availability (DTh per hour) 700 psig at NGPL Receipt Point
4,000	0	0	1,350	2,330	3,120
3,400	0	360	1,690	2,570	3,310
2,800	0	880	1,950	2,760	2,800
2,200	0	1,200	2,150	2,200	2,200

Subject to the foregoing, from time to time MidAmerican will determine and notify Customer as to the quantity Customer will be allowed to schedule at the NGPL Primary Receipt Point based on Customer's forecasted gas consumption schedule, provided, however, Customer understands and agrees that the availabilities reflected in the table are based upon the facilities that are in place or planned to be in place as of the date of the First Amendment to this Agreement and that, if NGPL modifies its facilities in a manner that would increase the delivery pressure, MidAmerican shall be entitled to allocate, on a firm basis, the resulting increased availability to those on whose behalf such facilities are modified rather than to Customer and, in such event, to make such increased availability available to Customer only on an interruptible basis."

3. Subject to the terms and conditions set forth in this First Amendment, all other terms and conditions of the Firm Natural Gas Distribution Agreement shall remain in full force and effect.
4. This First Amendment shall become effective on the date this First Amendment has been approved by the Illinois Commerce Commission, if such approval is required by law, provided that the applicable order of such agency is not conditioned upon modification of this First Amendment or the Agreement unless the Parties agree to such modification.

IN WITNESS WHEREOF, this First Amendment to the Firm Natural Gas Distribution Agreement is executed in duplicate originals.

MIDAMERICAN ENERGY
COMPANY

CORDOVA ENERGY COMPANY LLC

By: *Jack L. Alexander*

By: *Robert S. Sisk*

Title: *Sr VP Transmission & Energy Delivery*

Title: *President + COO*

Date: *4/26/00*

Date: *5/3/00*